

# Bakos draws 15-day jail term

## Sedita also sets \$24,000 fine for housing code violations A14

By PHIL FAIRBANKS  
News Staff Reporter

OCT 18 1993

Lovejoy Common Council Member Norman M. Bakos was sentenced today to 15 days in jail and fined \$24,000 for housing code violations at two of his apartment houses.

Bakos was led away in handcuffs, but his lawyer promised to appeal both the sentencing and the Council member's earlier guilty verdict and said Bakos would be freed by the end of the day.

The 16-year Council veteran sat quietly while Chief City Judge Frank A. Sedita Jr. read the sentencing. But when handcuffed, Bakos said: "Is this for the television cameras? My God, this is terrible!"

Sedita, in sentencing Bakos, said he took into account his long career as a public servant, but also his "foolishness" for not completing the repairs at all his rental properties.

"You've never acknowledged that you discovered the law," Sedita told him. "You've never said, 'I'm sorry.' It's the world according to Norman Bakos and nobody else."

Sedita seemed especially angry with Bakos' decision to sell his property at 1790 William St. to a young couple instead of repairing the house.

"You did that to you. No one else did that to you," Sedita told Bakos.

When asked by the judge to comment, Bakos for the first time apologized to the court.

"I am sorry," he said. "I am sorry for a lot of things. I'm sorry I own houses that have violations. But there was never a motivation of greed in anything I've done."

His voice rising with emotion, Bakos had earlier lashed out at city inspectors and the media, suggesting that he had suffered enough.

"It is criminal, absolutely criminal," he said. "I wake up saying, when is this nightmare going to end for me, my family and my health?"

Lawyers on both sides appeared surprised by the jail time and differed on the fairness of a sentence that not even Bakos' harshest critics expected.

"It's excessive," said Nicholas Costantino, Bakos' lawyer. "We'll appeal both the sentencing and the verdict."

David State, the city prosecutor in the case, recommended no jail time and a \$10,000 fine but said the judge's decision was fair.

"I think it's a sentence that sends a message to the homeowners of the City of Buffalo," State said. "I don't think it's an excessive sentence."

Bakos' neglect came to light last December when The Buffalo News reported on housing code violations at six of his apartment houses.

Within weeks, city inspectors took him to court and critics protested in front of Bakos' Bailey Avenue home, calling him one of Lovejoy's worst shounders.



# Bakos: <sup>A14</sup> Both Griffin, Fahey called for leniency

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Sedita, nicknamed "Maximum Frank" because of his tough stance against violators, ordered inspections of each Bakos property. In March, the city cited the Council member for nearly 400 code violations.

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"The only progress we've gotten on the properties owned by Mr. Bakos is through this court," Frank Dilames, the city's housing court representative, said today. "There was never any (voluntary) cooperation beyond that."

Sedita, who is running for State Supreme Court in the November election, has sentenced other landlords with a similar number of violations to short jail stays as well.

In a four-day trial for Bakos in July, and Sedita heard tales of a mysterious taped conversation and a private deal between Bakos and the city's chief housing inspector.

The inspector, Frank Gizzo, nervously testified about his private and professional relationship with Bakos. Gizzo confirmed that he had given Bakos more time to complete the repairs.

Bakos responded by releasing a tape recording in which he refers to an apparent attempt by Gizzo to borrow money from him and whether his refusal was the reason he was prosecuted for code violations.

Gizzo denied the allegation, but resigned in August after Sedita complained to Mayor Griffin about problems in the Inspections Department.

"I am not only innocent of the charges, but the victim of a failed system," Bakos told Sedita today. "If anyone should have been on trial, it was the Inspections Department."

In the end, Bakos was found guilty of 21 violations. Inspectors said most of the violations were corrected.

Sentencing was scheduled in July, but Sedita delayed it until after the Democratic primary. Among those asking for leniency were Griffin and Council Majority Leader Eugene M. Fahey.

Bakos, in an emotional statement at the time to Sedita, maintained his innocence and suggested the facts of his housing case were ignored by the court.

"I was naive to believe in truth, justice and the American way," he said in July. "I stand here now astonished, frustrated and totally disillusioned with the housing violations system."

Bakos finished third out of three candidates running in the primary. He later acknowledged that his career on the Council was over, though he remains on the



# 400 violations found in Bakos' 8 houses

By PHIL FAIRBANKS  
News Staff Reporter

A-1

Eight houses owned by Lovejoy Council Member Norman M. Bakos had nearly 400 housing code violations when they were inspected last summer, according to a report filed Monday with City Court.

The report, the first detailed public accounting of the condition of Bakos' rental properties, said the violations ranged from a rotting roof to decaying chimneys and foundations.

At a hearing today in Housing Court, Chief City Judge Frank A. Sedita Jr., who ordered the report, termed it "shocking." Sedita asked city officials what they intended to do since two-thirds of the violations haven't been cor-

rected. He rejected a suggestion that Bakos be given until July to make the repairs and ordered city officials and Bakos to work out a timetable.

The two sides agreed that all electrical and plumbing repairs, and the replacement of defective smoke detectors, will be made within 10 days.

Other interior violations will be corrected within 30 days and all exterior violations will be corrected within 90 days.

Bakos said little during today's court appearance, but his lawyer said he is agreeable to the schedule.

"We're trying to avoid a trial. We're trying to do the right thing," said his lawyer, Sherree Meadows.

Ironically, however, the two prop-

erties that he is being prosecuted for are exempted from the deadlines.

Sedita gave Bakos 90 days to renovate or sell to a contractor a house at 31 Peru Place, which has been gutted in anticipation of reconstruction. The condition of the house made it impossible to complete the work any sooner, Bakos said.

Bakos has sold the other house, at 1740 William St., and those repairs are now the responsibility of the new owner.

The Council member faces trial on the two properties, however, because the legal issue revolves around the condition of the houses when they were inspected last August.

Inspectors found siding and gutters

MAR 9 1992



# Bakos:

## One property had a total of 73 violations

Continued from Page 1

rising, broken windows and peeling paint. They also discovered decaying chimneys, foundations and sidewalks. And most of the houses were missing smoke detectors.

The properties include a two-family house at 1790 William St. that Bakos sold in December for \$31,100. Bakos said he asked for the inspections because he planned to repair and sell the houses.

Inspectors found serious problems at each property, but the largest number were at 75 Greene St., which had 73 violations, and 997 Lovejoy St., which had 72 violations.

The report, filed by the city's Department of Inspections and Community Revitalization, indicates Bakos has made improvements to both houses, correcting 48 violations at the Greene Street property and 21 at the Lovejoy Street house.

Neighborhood activists, who have described Bakos as Lovejoy's biggest slumlord, acknowledged the repairs but said the long list of violations is proof that Bakos neglected his properties for years.

"It shows his total lack of responsibility to his tenants in the district he represents," said Robert Meldrum of East Side Slumbusters. "It also tells us how much he cares about the neighborhoods in his district."

## BAKOS' CODE VIOLATIONS

Details revealed in inspection report

1. 31 Para. Union:  
Loose electrical wires  
No heat in first-floor apartment  
Peeling exterior  
Refrigerator missing meter  
Roofing damaged

2. 1814 William St.:  
Repair kitchen ceiling  
Paint or replace chimney  
Replace furnace gutters  
Repair foundation  
Replace exterior siding

3. 1790 William St.:  
Missing smoke detectors  
New roof needed  
Window painted shut  
Decaying front stairs foundation

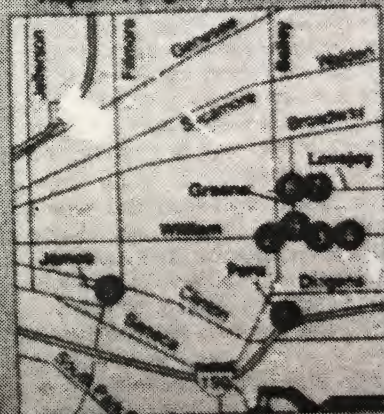
4. 1794 William St.:  
Defective gas well furnace  
Missing smoke detectors  
Redecorate entire kitchen  
Patch ceiling and walls  
Replace ceiling tile

5. 182 James St.:  
Rebuild chimney  
Drywall kitchen ceiling  
Install bathroom ceiling  
Repair unsafe attic floor  
Replace exterior siding

6. 997 Lovejoy St.:  
Replace furnace gutters  
Repair front porch awning  
Repair front porch  
Missing smoke detectors

7. 1014 Lovejoy St.:  
Minor violations

8. 75 Greene St.:  
Paint or replace sidewalk  
Paint entire house  
Replace rotting deckboard  
Repair rotting window frames



RICHARD KLINCZAR/Buffalo News Graphic

All but one of the eight houses, 182 James St., is in the Lovejoy District.

Bakos, in his 16th year as Council member from the Lovejoy District, said his problems stem from a strategy of deferring repairs to keep rents affordable for his low-income tenants.

"I'm an imprudent investor," he told Sedita last month. "I took property worth a lot and charged too little, and that's one of the reasons I'm in this courtroom."

When he was arraigned last month, Bakos pleaded not guilty and called the case against him a "political media event." Six Lovejoy residents have announced

plans to run against him this year.

The condition of Bakos' houses was detailed by The Buffalo News in a story in early December, but tenants and neighbors say the problems date back more than a decade.

After The News story, neighborhood activists held a "slumlord" protest in front of Bakos' home and accused him of using his influence to get lenient treatment from City Hall. Bakos denied the charge.

If found guilty by Sedita, Bakos could face a fine or jail time.

News staff reporter James Henney contributed to this report.



# Tenants consider Bakos a slumlord

## Six of eight properties found in violation

By PHIL FAIRMAN'S  
News Staff Reporter

B-1

He's known around City Hall as Stormin' Norman Bakos — the occupation councilman from Lovejoy.

But there's another side to Norm Bakos. Tenants and neighbors say the eight-term councilman is one of Buffalo's worst landlords.

"He's a slumlord," said one neighbor.

Bakos owns eight houses in the city — all but one in his own district — and records show at least six violate the City Housing Code.

The city, as recently as August and September, inspected Bakos' properties and found five of them with "several interior and exterior violations" and in need of extensive repair.

Siding and gutters were rotting away, windows were broken and the paint on several houses was peeling.

"They're big eyesores," said one tenant.

About the same time, Bakos reportedly caught the attention of the city's new slum-busting team of inspectors, attorneys and police officers.

City Hall sources said the councilman's name was brought up at the first meeting of the task force and was added to a list of bad landlords.

Bakos, in his 15th year as a councilman, admits his properties are not perfect.

"They're not Cadillacs," he said Thursday. "On the other hand, they're not scrap-yard houses either."

Bakos said he asked for the inspections because he plans to repair each house and possibly sell them.

A city official confirmed it was Bakos who requested the inspections.

"He told me, 'Frank, I want them all inspected,'" Inspections Director Frank Gizzo said.

Neighbors claim some of the problems date back 10 years and said Bakos will never change his ways.

"He personifies the slumlord," said Candice Stowe, co-president of the new Sumner Street Block Club. "We don't need someone to represent our area who's a slumlord."

With the onset of winter, tenants wonder how they'll deal with another four months of cold weather.

Most of them live in small apartments but poor insulation and rickety windows force their heating bills to jump to \$200 a month, they said.

"We have to sleep with electric blankets and we still wake up freezing," said one man, who like the rest of the tenants and neighbors spoke on the condition he not be identified.

Bakos said he's heard the complaints.

"What's right and what's wrong," he asked. "Do I put on new siding and charge another \$100 a month?"

For Bakos, it's a question of priorities. The last thing he wants to do is raise rents and drive out poor tenants, he said.

But what about tenants who call him a slumlord?

"I accept that," Bakos said. "But why do they stay? If it's because of low rents, what do I do?"

Over the years, tenants and neighbors complained



# Bakos: City records reveal a single court appearance

Continued from Page B1 **B-12**

to city inspectors and records show the city often cited Bakos for violations. But those same tenants and neighbors said improvements were rarely made.

"Inspectors have looked at the house. I can't tell you how many times," said a woman who lives near the house.

City records show Bakos' only appearance in Housing Court was November 1989 and was over a county health-code violation, not a city housing violation. The case was dismissed after his first appearance.

Tennant and sources inside City Hall said the lack of court action is evidence of the preferential treatment given Bakos by the Inspections Department — a charge Gizzo denies.

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"I live in a fishbowl," Bakos added. "I have a sense it works the other way."

Neighbors remember the last time Bakos promised to fix up his property.

It was during the 1983 Democratic primary and Bakos' opponent accused him of owning several "eyesores."

One woman remembers the coffee and doughnuts Bakos served from his mobile home as he drove from neighborhood to neighborhood.

"He told everyone he would be a good neighbor," she said.

Bakos said he made most repairs but another decade has passed and his houses are again in need of work.

A Buffalo News tour of Bakos' rental properties and a review of city inspection records found the following:

31 Pers Place: Peeling paint, broken windows and a porch in disrepair. The city inspected the house on Aug. 27, 1992 and found "several violations."

75 Greene St.: Siding and porch in need of repair and peeling paint. The city inspected the house Sept. 14, 1992, and found "several interior and exterior violations."

951 Levee: Porch roof in disrepair and peeling paint. An April, 1991 inspection found five violations including problems with the chimney, roof and siding.

1790 Willow: The siding is



# Activists picket in front of Bakos home

## Demand 'slumlord' quit Council post

By SUSAN SCHULMAN  
News Staff Reporter

B-1

Some 30 neighborhood activists demonstrated in front of Norman Bakos' home Saturday, casting him as Lovejoy's biggest slumlord and demanding the resignation of the eight-term Common Council member.

Bakos responded that he would sell six of his rental properties and fix up the other two, but insisted he would not relinquish any of his City Hall responsibilities.

But given the "frenzy" over the past few days, with publicity over the condition of the houses and picketing Saturday, Bakos said he re-evaluated his position on his rental properties.

"I made a decision to keep rents down by deferring maintenance," the Lovejoy Council member said of the houses he purchased over the past 30 years. "I think that may be a mistake."

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Bakos said he would sell six of the properties at their assessed value — about \$30,000 each — offering them to the tenants living in them.

If the tenants — some on public assistance — can't afford the houses, Bakos said, he would first attempt to sell them to owner occupants, and then, offer them at auction to any qualified buyer.

DEC 6 1992

The Council member said he would repair his two other rental properties; both have been in his family for years. Rents in both will be increased, he said.

As Bakos spoke, he was often browned out by the demonstrators. They accused him of attempting to turn responsible behavior into an act of indifference toward the poor.

"Poor people do not deserve substandard housing," yelled out Bob Meldrum, president of the Northwest

Bailey/Walden Citizens Alliance and a member of a group calling itself the East Side Slumbusters.

"What about what you have done to the appearance of the neighborhood?" Meldrum said. "You are helping to destroy property."

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"You've soaked all the money out of it, now you'll get rid of them," he said.

Bakos said that the rents in his apartments are all \$225 a month or less. He added that he has never made any money on the houses.

In addition to the Bailey Avenue home where Bakos lives, he owns rental properties on Peru Place, Greeno Street, Lovejoy, William Street and James Street. The houses are in varying states of disrepair, from broken windows and peeling siding to peeling paint and dilapidated porches. All have been cited by the city building department over the past 10 years.

The neighborhood activists charge Bakos has used his influence as a Council member to get lenient treatment from City Hall for his housing violations.

Bakos denies the charge. But Meldrum said city records show a 1985 file on one of Bakos' houses and a 1989 file on another are missing. Bakos said he is unaware of any missing records.

Meldrum's group is calling for a government investigation into

DEC 6 1992

Bakos dealings with the city Department of Inspections regarding his properties.

The group also wants Bakos to resign from the Urban Renewal Agency.

DEC 6 1992

"He doesn't care about urban renewal, he only cares about profit," Meldrum said.

The group is also calling on Bakos not to sell his properties to investors, and for Bakos to abstain the next time the Council considers a landlord licensing law.

Bakos said he has no plans to resign his City Hall position, and he doesn't know what position he will take on landlord licensing. Such a law, which Bakos voted against in the past, would require biannual inspections of nonowner occupied properties.

Bakos also said that while he hopes to sell his properties to owner occupants, he can't make any guarantees.

He said the experience has shown him that it may not be possible for private landlords to provide housing for the poor. Perhaps, the poor can only afford housing subsidized or apartments built and rented by the government, he said.

As for the pickets in front of his home for an hour Saturday afternoon, Bakos said he recognizes the right of Americans to protest.

"I used to be a community organizer," Bakos said. "In some ways, I think this is good Americana."

DEC 6 1992



# Housing funds used to purchase camp in Java

## Bakos group buys site with public money

By PHIL FAIRBANKS  
News Staff Reporter

A-1

In the early 1980s, Lovejoy Council Member Norman M. Bakos formed an innovative housing group to help Buffalo's senior citizens. An eager City Hall kicked in \$1.3 million in city and federal funds.

But senior citizen housing isn't all that was bought by Bakos' group — Buffalo Home Equity Living Plans Inc.

In January, HELP used income from its City Hall funding to buy a 100-acre campground and resort in the Wyoming County Town of Java.

The price tag was \$181,000, according to county records.

Bakos also acknowledges that the non-profit group paid for substantial renovations before buying the property, 35 miles east of Buffalo.

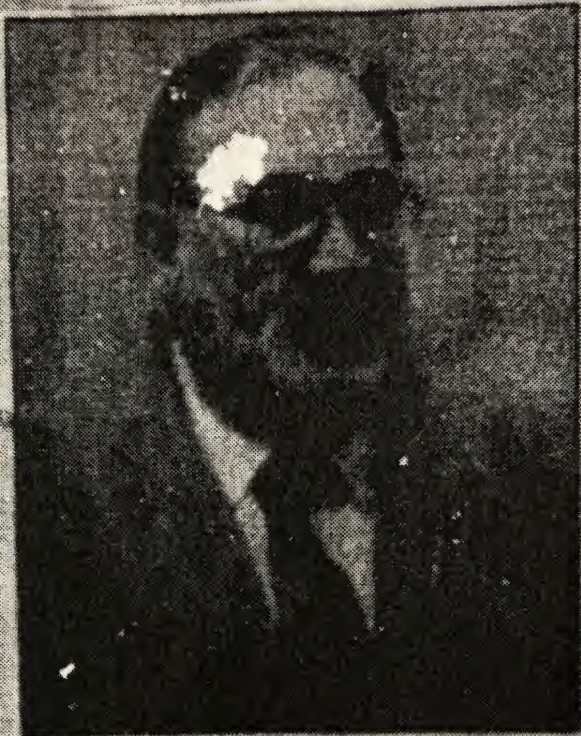
The repairs were done while the campground was privately leased by him and his wife, Bakos said. He added that he and his wife leased it to insure that HELP could eventually buy it.

Was the use of federal block grant funds justified?

"That might be improper," said Joseph Lynch, regional director of the U.S. Department of Housing and Urban Development. "We're trying to get more information, more facts."

There's no evidence that Bakos benefited personally from the land purchase, although Java residents have always considered Bakos the owner. "We thought he was the owner," said Town Supervisor Thomas Moran. "I always assumed as much."

There are ties, however, between HELP and two former owners of the campground — Buffalo lawyers Richard J. Lippes and James F. Allen. For years, the two men served on the



Council Member Norman M. Bakos calls the park's work "public service."

group's board of directors and today act as legal counsel.

Lippes said he and Allen invested in the property but withdrew from the project long before HELP bought the property in January. They also resigned from HELP's board.

"We didn't want any appearance of impropriety," he said.

When asked if they benefited from the sale, Lippes said, "Absolutely not." In fact, he said they lost their investment in the campground.

What you'll find in Java is an attractive, family oriented resort known as Yogi Bear's Jellystone Park.

"There is always something happening at Jellystone Park" is the slogan on the resort's brochures.

Situated in the backwoods of North Java, the resort features 10 remodeled chalets, a



# Bakos: Purchase may violate agency's contract with the city

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Lynch said HUD is gathering information and may refer the case to its inspector general. He also said a formal complaint may be necessary before the government acts on the matter.

HELP also could have been — but apparently never was — audited by the Griffin administration.

As a recipient of block grant funds, the group falls under the scrutiny of the Financial Control of Agencies Division of the Department of Administration & Finance.

A letter was sent to Mayor Griffin in 1986 detailing alleged

"irregularities" at the city-funded organization.

Donna H. Guillaume, HELP's executive director at the time, sent a letter of resignation to Griffin and complained of the absence of a budget, staff and board of directors.

"Currently, there is only a chairman (Bakos) and a secretary," she said in her letter to Griffin.

Ms. Guillaume said she resigned when HELP lacked the funds to maintain the houses it owned or pay the senior citizens who received a monthly income from the group.

"I left because of an inability to operate the program," she told The News. "Without a budget, I couldn't pay the participants."

Lippes disputes the allegations and said Ms. Guillaume resigned because she failed to adequately manage the housing program.

"She was kind of a woman scorned," he said.

The year before Ms. Guillaume resigned, HUD ordered HELP to return \$1.2 million in "excess cash" earned from its block grant funding.

The group returned the federal funds but the city turned around and gave HELP an equal amount in city aid. The Common Council, in approving the plan, described it as a "wash."

As part of its agreement with HELP, Griffin's Urban Renewal Agency required that HELP file

Originally formed as a "reverse mortgage" program, HELP has been credited with increasing the incomes of senior citizens and improving the city's aging housing stock. For years, it restricted its activity to buying, renovating and then reselling houses.

annual budgets with the city and made them subject to audits by the city.

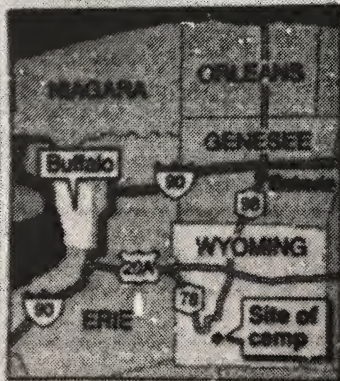
Aides to the mayor declined to comment.

Bakos denies owning the property, and land records indicate HELP bought the property from a partnership known as MPO #1 Trust, whose officers could not be determined.

Originally formed as a "reverse mortgage" program, HELP has been credited with increasing the incomes of senior citizens and improving the city's aging housing

## JELLYSTONE CAMP

Camp purchased by Bakos group in the Town of Java



Buffalo News



## BAKOS GROUP OWNS WYOMING COUNTY LAND

Council member wants to use holdings for an urban think tank.

Developing housing to group's advantage

Lovejoy Council Member Norman M. Bakos former Buffalo Home Equity Living Plans Inc. (HELP). The non-profit group would purchase homes from senior citizens and allow the former owners to live in the homes maintenance- and tax-free until their death. HELP would then sell the property.



Norman M. Bakos

1988-93

Bakos and his wife privately lease, with option to buy, Pine Lake Campgrounds in Wyoming County and use HELP funds for substantial renovations.

1993

HELP purchases Pine Lake Campgrounds for \$131,000, using proceeds from its federal and city money. The group plans to use the campground and resort, renamed "Yogi Bear's Jellystone Park," as a country getaway for people creatively addressing the ills of society.

1981

City Hall allocates \$1.3 million in federal Community Development Block Grant funding to HELP.

1985-86

U.S. Department of Housing and Urban Development orders HELP to return \$800,000 of the block grant money. But the City of Buffalo replaces the funding, and requires all income from the funds be used for acquiring and rehabilitating properties in the city.

AUG 1 1993

stock.

For years, the group restricted its activity to buying homes from senior citizens living in Buffalo, renovating those houses and then reselling them.

Under the program, the group would purchase homes outright and allow owners to live in the house maintenance- and tax-free until they die. Owners also received a lump sum payment or lifetime annuity.

Bakos said the group always intended to expand its mission into creative problem solving.

In June 1988, he told the Arcade Herald of his plans to lease the Java property with an option to buy.

"I always wanted a piece of acreage in the country," he told the weekly newspaper. "I am an outgoing person and believe in this type of lifestyle for families."

He also boasted of his plans for Pine Lake Institute, a social think tank. The story makes no mention of HELP's involvement in funding the project.

One woman who visited Pine Lake on several occasions, howev-

er, remembers Bakos talking of HELP's role in financing a wholesale renovation of the campground.

"My question was why was HELP money used," she said, insisting on anonymity.

She said Bakos outlined his vision for a country getaway where people could address the ills of society through creative problem solving.

In addition, Bakos expects the campground to eventually make money and the proceeds will get funneled back into HELP.



# City Hall faulted over Bakos group

## HUD claims oversight failure, possible conflict of interest

By PHIL FAIRBANKS  
News Staff Reporter

A-1

A new federal report lambastes city officials for not monitoring a non-profit group headed by former Common Council Member Norman Bakos.

The report also claims Bakos may have violated federal conflict-of-interest rules by acting as chairman of the organization while representing the Lovejoy District on the Council.

But one question remains unanswered: Did Bakos' group improperly use taxpayers' money to buy a 100-acre, private campground in Java in Wyoming County.

Bakos did not use federal money or income from that money to buy Yogi Berra's Jellystone Park, concludes the report by the inspector general for the U.S. Department of Housing and Urban Development.

But the federal government did not investigate the use of city funds, which Bakos also used to operate his housing group — Buffalo Home Equity Living Plans.

City Comptroller Joel A. Giambra accused HUD of passing the buck Wednesday and said his office will conduct its own review of HELP to determine if city or federal money was used to buy the campground.

"Sounds like a typical HUD whitewash," Giambra said. "How can HUD say unequivocally that it was only city funds that were used?"

Bakos has acknowledged using income from taxpayers' money to buy the rural campground but whether it came from city or federal funds was unclear.

Joseph Lynch, director of HUD's Buffalo office, said he is convinced no federal money was used. HUD's review says Bakos was able to document expenses that exceed what the group received in federal money or income.

That's not good enough, said Giambra.

## Bakos: City aides disagree on roles

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bra, who claimed Bakos could use the same set of expenses to argue that no city money was used to buy the campground.

By most accounts, HELP was able to buy the property because no one in city government or HUD was monitoring the use of taxpayers' money.

Even city officials disagree over who was responsible.

Some point to the group's 1986 contract with the Buffalo Urban Renewal Agency and say former Mayor James D. Griffin and the Department of Administration and Finance failed to monitor the group adequately.

But Frank Razar, head of the department's Financial Control of Agencies Division, said the city money was approved by the Common Council, a monitoring it is

Giambra's office

Giambra, who was not comptroller at the time the group received city money, said his office has no record of a contract and the urban renewal agency always prohibited access to its records.

Questions also remain on whether Bakos violated conflict-of-interest rules. Lynch's office will make that decision. "We have to see if there are any business or family ties," Lynch said.

HUD guidelines prohibit an elected official from having a financial interest in a federally funded program. The rules also apply to the first year of an elected official's retirement. Bakos left office last month.

Formed in the early 1980s, the Bakos' group operated an innovative housing program designed to help senior citizens living in Buffalo. Critics have questioned why the

group would buy a campground 35 miles away.

Situated in the backwoods of Java, the resort features 10 remodeled chalets, an in-ground swimming pool, general store, full-service restaurant and dozens of campsites.

Bakos, who founded the group and still serves as its chairman, has maintained the group ultimately plans to convert Jellystone Park into a creative urban problem-solving center for non-profit groups.

The 16-year Council veteran said the group's obligation to the city ended years ago. He also defended the use of income from taxpayers' money to repair and then buy non-housing property outside Buffalo.

"We've accomplished our (housing) goals and now we're expanding," he said last summer.



# City loses \$1 million intended for housing *Can't force group to repay funds*

By PHIL FAIRBANKS  
News Staff Reporter

C-1

City officials jumped at the idea in the early 1980s, investing \$1.3 million in a new housing group headed by veteran Council Member Norman Bakos.

Officials now say the money is gone forever.

The group, still headed by Bakos, is free to spend city funds on anything it wants and is under no requirement to report what it does, they said.

"It's one of those kooky things that everyone agrees is wrong," said Lovejoy Council Member David Czajka. "But we've been told it's legal."

The group — Home Equity Living Plan — caused a stir two years ago when it used the income from city funds to purchase a private campground 35 miles outside Buffalo in Wyoming County.

City Hall protested the purchase and searched for ways to get the money back. But it recently learned that, legally, the group can do what it wants with its money.

City officials say the group received money from the Common Council and former Mayor James D. Griffin but never signed a contract with the city.

The funds were approved in 1984 at a time when monitoring guidelines were lax, they say. The group also benefited from Bakos' stature as a veteran Council member, and the idea to buy houses from senior citizens and give them a monthly income seemed innovative and exciting.

"We don't have a contract with them," said Michael McCarthy, a lawyer for the Buffalo Urban Renewal Agency. "I don't have any legal recourse to force Norm to do anything."

Bakos was ousted from office two years ago, but he continues to serve as chairman of the non-profit group.

When city officials complained about an inability to monitor the group, Bakos agreed to supply the city with annual reports. The first report lists income and expenses but fails to document the group's assets.

James Allen, a lawyer for the group,



# Former aide calls motives honorable

Continued from Page C1

Allen said he's not aware of the group's assets or how much remains from the city's initial investment. He said the group's assets probably exceed the city's original investment of \$1.3 million because of income earned from the funds. Some of the money was used to buy houses from senior citizens — the group's original mission.

Bakos could not be reached for comment.

Since leaving office, the eight-term Council member has turned his attention to the campground — Yogi Bear's Jellystone Park in North Java.

Located on 100 acres of backwoods, the campground is a family-oriented resort with remodeled chalets, a built-in swimming pool, a restaurant and dozens of campsites.

After buying the facility in 1993, the group hired one of Bakos' daughters to serve as manager. Former employees say the business faltered so Bakos replaced her with Paul Gaeta, former executive director of the Advisory Board for Lovejoy Elderly & Youth (ABLEY), a non-profit group Bakos headed while serving on the Council.

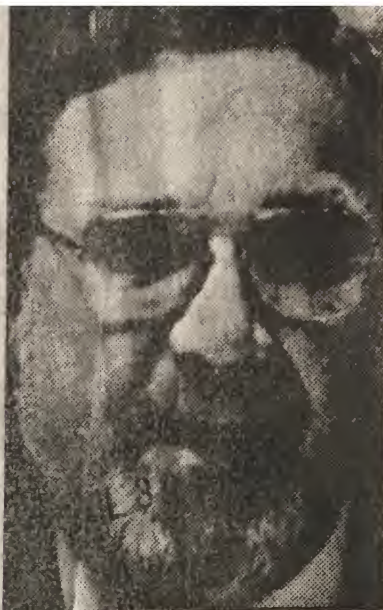
Gaeta says the place is now making money.

"We're having a busy season," he said. "At this point, it's generating income."

Former employees say money became increasingly available for improvements after the group purchased the campground. Their payroll checks also started to come from the group, they said.

"All of a sudden, we had all kinds of help and money," said George Ling, who helped run the campground before Bakos' daughter took over.

Ling said he was ordered at one point to clear a secluded part



Norman Bakos: remains chairman of group.

of the campground for Bakos' retirement home.

Richard McCarthy, a former Council aide to Bakos, said Bakos intended to buy that part of the site with his own money. He said Bakos scrapped the idea when friends convinced him it would look bad.

"Everything that motivated him was honorable," McCarthy said. "He's a good man, but sometime he has blinders on."

McCarthy said Bakos' ultimate intends to convert Jellystone into a creative-problem solving center for non-profit groups. Bakos has promoted the idea for years.

The campground deal also caused problems between the city and HUD. Each accused the other of failing to monitor the group's activities.

"HUD dropped the ball," Council Majority Leader James W. Pitts said last week. "There should have been a full blown investigation and hearings."

Federal auditors reviewed the matter last year but concluded no federal money was used to buy Jellystone. Even now, HUD officials are satisfied that its investment in the group is being adequately monitored.

One thing is clear — city officials view any attempt to recoup the investment as futile.

"Everything I've heard is that



# Bakos' group decides to sell campground

*Former councilman says  
he is tired of criticism*

By MICHAEL BEEBE  
News Staff Reporter

C-1

Norman M. Bakos, the former Lovejoy councilman whose home was picketed last week over a private Wyoming County campground bought with city funds by a group he founded and heads, is packing up his tent and selling Jellystone Park.

Bakos said he is tired of personal attacks on him and his family by critics he calls "stalkers" and of trying to explain why his group bought the campground in North Java.

He said Buffalo Home Equity Living Plan, or HELP, would sell the 100-acre Yogi Bear campground and put the money back in its treasury as a reserve for HELP's programs for senior citizens.

"We're tired and frustrated with trying to do a public service and getting hit over the head every time a story comes out in the paper," Bakos said.

"We've been discredited, so that when we want to accomplish something, it's going as hard to do," he said.

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Bakos' successor on the Council, David J. Czajka, welcomed the sale.

"If he's going to put the money back in HELP and it's going to help senior citizens, it is a better use certainly than that campground."

"I think he's trying to clear his name, given the outrage it's provoked," Czajka added.

Added Bakos' staunchest critic, Linda Duvall, who led the group of 20 Lovejoy residents who picketed Bakos: "I think the City of Buffalo should get on the ball right now and get that money back. He did not do what he said he was going to do to carry out his mission."

"He knows he did wrong and now he's running scared," she said.

Bakos said, however, that agencies that investigated the purchase of the campground have found no wrongdoing.

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City officials said in late July that a \$1.3 million grant given the housing group headed by Bakos in the early 1980s is outside city control.

"As far as I know," said Michael McCarthy, an attorney with the city's Bureau of Urban Renewal, "Jellystone is an asset of HELP, so the proceeds from the sale would be used to further the programs of HELP."

"If that's true, that's great," and the proposed sale. "It probably money will find its way back to it."

Bakos formed the group to throughout the city hold on to buys the houses, gives them a n after the owner dies, sells the ho investment.

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HELP has bought 63 homes so far, Bakos said, and needs to ta for another 20 to 30 years. He sa owners have died since the prog

The Jellystone campground is sial part of HELP. Bakos sa \$181,000 for the campground in 1 er \$15,000 for a Yogi Bear fram

He described the purchase as an investment, similar to HELP buying stocks or bonds to remain self-sufficient and create revenue.

Bakos also proposed a rural think tank for the campground, what he called a "human services manage-



N.M. Bakos

ment institute," to examine urban issues.

After numerous questions were raised about tax dollars des-

tined for the city being used to buy a rural campground, an investigation was begun by the inspector general for the U.S. Department of Housing and Urban Development.

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its report, issued in February, criticized the city for not monitoring the group,



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Urban Renewal, "Jel-  
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e programs of HELP.

"If that's true, that's great," added McCarthy about  
the proposed sale. "It probably means most of that  
money will find its way back to the Lovejoy District."

Bakos formed the group to help senior citizens  
throughout the city hold on to their homes. HELP  
buys the houses, gives them a monthly income, and  
after the owner dies, sells the homes and recoups its  
investment.

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HELP has bought 63 homes from senior citizens so  
far, Bakos said, and needs to take care of residents  
for another 20 to 30 years. He said 45 of the original  
owners have died since the program began.

The Jellystone campground is the most controver-  
sial part of HELP. Bakos said his group paid  
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its report, issued in Feb-  
ruary, criticized the city for  
not monitoring the group,  
but said no federal money  
or income was used to buy  
the campground.

FBI agents also were in-  
vestigating the sale, but the  
status of that investigation is  
unknown. FBI officials de-  
clined to comment.

Bakos said the camp-  
ground would be marketed  
nationally, but also said  
HELP would entertain offers  
from non-profit groups.

"We put money in for  
improvements and we're  
leaving prematurely," Bakos  
said when asked if he ex-  
pected to clear a profit for  
HELP. "We'll be lucky to  
break even."

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# Vacco forces Bakos to quit non-profit housing group

By PHIL FAIRBANKS  
News Staff Reporter

State Attorney General Dennis Vacco has forced former Buffalo lawmaker Norman M. Bakos to resign as head of a non-profit housing group amid new reports of potential wrongdoing.

Bakos, who served 16 years on the Common Council, faces new allegations that he personally benefited from a \$147,000 loan from the housing organization.

Bakos' resignation also may force the organization to sell Yogi Bear's Jellystone Park in Wyoming County. Bakos' group used public money to buy the private campground in 1993.

The deal has been criticized by City

Hall and federal investigators, but neither has been successful in pressuring Bakos to sell the campground.

If the sale occurs and the organization dissolves, as some hope, the City of Buffalo would receive its assets, which Bakos estimates at \$1.5 million.

A new board of directors, appointed by Vacco, will decide if Buffalo Home Equity Living Plan should sell the 100-acre facility and end operations. A local company has made an offer to buy the campground.

Bakos formed HELP in the early 1980s as a way of helping Buffalo's senior citizens, but it came under fire years later when it purchased Jellystone, a secluded campground 35 miles outside the city.

Located in North Java, the camp-

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ground is a family-oriented resort with chalets, swimming pool, snack bar, miniature golf, playgrounds and 200 campsites.

"I came to the belief that the only way to save HELP was for Mr. Bakos to resign and to resign sooner rather than later," Vacco said.

Despite Bakos' resignation, Vacco's office is continuing its investigation.

The reports that Bakos may have personally benefited from HELP's activities are the latest in a series of allegations against the former lawmaker.

Vacco says a for-profit company that Bakos and two local lawyers formed later borrowed \$147,000 from HELP. He said the company, known as Cinco Pintores Art Associates, used the money to buy 400 to 500 paintings

from the estate of Bakos' late uncle, Jozef Bakos.

Bakos serves as executor of the estate and is one of four beneficiaries, according to Vacco. His uncle was a painter of some renown and commercial success.

Without commenting on the loan itself, Vacco said one of the lawyers involved in the loan has agreed to repay the money. He also made it clear that controversy resulted in Bakos' departure last week.

"I don't know yet if Norm created these controversies by straying from HELP's original mission or if it was the controversies that distracted him from the mission," Vacco said in a

See Bakos Page A7

Vacco would not name the Buf- pner L. Jacobs, president of the or a binding contract with the city.  
Bison Fund, a scholarship program When Vacco began his inquiry



# Everything 'aboveboard,' lawyers say

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*Continued from Page A1*

ment. "But either way, it was clear to me that HELP needed a new board and a new start."

Bakos denied any link between Vacco's investigation and his resignation. He stepped down because HELP's work is done, he said, and he now wants to devote himself to retirement issues at the national level.

"HELP has fulfilled its mission," he said. "It served its purpose. I'm on a much bigger plane now."

When asked about the loan, Bakos said he saw "no problems" with the deal. He also denied Vacco's claim that he's part of Cinco Pintores.

"I am absolutely not part of that group," he said.

Vacco would not name the Buffalo lawyers involved in Cinco Pintores. But one of them, Richard J. Lippes, confirmed that he and James F. Allen were partners with Bakos.

Lippes said Bakos resigned from the company before the loan was made and both he and Allen resigned from HELP before it took place. Allen and Lippes were on the board of HELP at one time.

"It wasn't our idea, it was Norm's idea," Lippes said of the loan. "But the whole thing was done aboveboard."

Lippes said he understands Bakos is the sole target of Vacco's investigation and that neither he nor Allen has been implicated.

He also noted that their investment in the paintings has, so far, been a loser.

"Cincos has been an awful investment," he said. "We haven't made a penny."

As part of a written agreement signed Friday, Bakos resigned as HELP's chairman and only board member and turned over control of the group to a new three-member board.

The board will decide if the campground should be sold, an action critics of the deal are hoping will occur soon.

"We need the money returned to the people," said Lovejoy Council Member Richard Fontana. "We need the money for things like curbs, streets and other neighborhood needs."

The board will be made up of Stephanie Barber, a vice president at United Way of Buffalo and Erie County; Dennis Penman, executive vice president of M.J. Peterson Real Estate; and Christopher L. Jacobs, president of the Bison Fund, a scholarship program for inner-city youth.

"Of course, the campground is the big issue, and the first thing we'll tackle," Jacobs said.

Bakos said he wants the campground sold and the money returned to the city over a 30-year period. He wants it targeted for five community groups in the Lovejoy District.

The latest revelation about the loan from HELP follows a report in May that another for-profit company owned by Bakos received \$400,000 from HELP.

The payment, documented in HELP's 1993 report to the state's Charities Bureau, is listed as reimbursement for related expenses and improvements made to the campground before HELP purchased it.

In the past, Bakos has acknowledged leasing the property as a way of protecting his group's investment interest in the property.

He would not comment on the \$400,000 or the company he owned, except to say there was no wrongdoing.

Both the loan deal and the \$400,000 payment occurred while Bakos was serving on the Common Council.

Vacco, at Fontana's urging, began looking into the allegations against Bakos and his role in the purchase of the campground.

By getting the former lawmaker to resign, Vacco succeeded where City Hall and the U.S. Department of Housing and Urban Development failed.

The Masiello administration claims Bakos' group was beyond its control because of the absence of a binding contract with the city.

When Vacco began his inquiry in May, it was viewed as carrying more weight than previous investigations because the attorney general has authority over nonprofit groups.

## The Bakos Connection

*The three groups that took part in the Bakos' loan deal:*

### HELP:

The non-profit housing group, which Bakos founded.



# U.S. Demands Propriety in City's Block Grants

By GEORGE GATES

Federal Community development officials said Friday they will forbid three Buffalo community organizations from getting U.S. Community development block grant money if alleged conflicts of interest involving Common Council members are not ended.

The belatedly tough federal stand involves two cases where Council members have long-standing ties to groups getting block grant funds channeled to them by City Hall.

In the other case, the wife of a Council member works on the office staff of an agency getting block grant funds.

As far back as 1981, lawyers for the U.S. Department of Housing and Urban Development ruled that the three cases "do violate federal requirements."

That ruling followed a 1980 HUD audit that originally raised the conflict-of-interest issue because "questions arise as to (the

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Council members' objectivity in the allocation of program funds" as long as they have ties to some recipients of the money.

The Council's responsibilities include annually approving the plan for distributing the block grant money, which lately has totaled about \$20 million a year.

This year, local HUD officials are saying they will make their agency's approval of City Hall's plans for spending 1985-86 block grant funds conditional on the three organizations involved in the alleged conflicts receiving no funds until the conflicts cease.

The three cases are:

✓ Lovejoy Council Member Norman M. Bakos has been a member of the board of directors of the Advisory Board of Lovejoy Elderly and Youth, known as ABLEY, since Bakos and several others founded it in 1968. It is located at 1213 Lovejoy St., and has

been getting \$68,000 a year from block grant funds to help support its programs.

✓ Council Member at Large Herbert L. Bellamy played a similar founding role in 1490 Enterprises Inc. in 1969. Bellamy is president of the corporation, which owns a building at 1490 Jefferson Ave. that houses a myriad of service agencies, including 1490 Senior Citizens. Mr. Bellamy is chairman of the board of 1490 Senior Citizens, which gets \$114,200 a year from block grant funds.

✓ Masten Council Member David A. Collins' wife, Jean D. Collins, is employed as an office worker at the Fire Survival Center, 1412 Jefferson, which gets \$30,000 annually from the block grant funds.

Both Bakos and Bellamy have city Law Department opinions clearing them of conflict of interest, but HUD, which has the money, thinks otherwise.

Last November, Bakos resigned as advisor

board chairman in the belief that would be enough to satisfy federal authorities. In a parting shot, Bakos' resignation letter said he was stepping down "in view of the fact I have a gun to my head."

Bakos continued on the board as a member, a situation HUD ruled in April still constitutes a conflict of interest. Asked if he will now resign from the board, Bakos told The News: "I haven't decided yet. My lawyer has a copy of my communications. They want a little more blood. Before I give another pint, I'm going to find out what's going on."

Just as Bakos was ABLEY's guiding spirit long before he became a Council member, Bellamy was identified with the 1490 Jefferson organization before he entered public life.

See CONFLICT: Page C-4, Column 4

## Reagan Eyes Bakos' Home-Buying Program

By DOUGLAS TURNER  
News Washington Bureau

WASHINGTON — A pioneering Buffalo program that allows the elderly to live in their homes after they have sold them is being studied quietly by the Reagan administration as one way to supplement retirees' income.

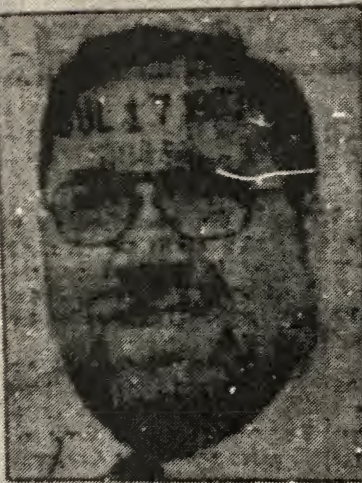
Lovejoy Councilman Norman M. Bakos believed in the idea so much that when City Hall turned him down on it in 1976 he ran for the Common Council so he could make his plan a reality.

Now, an organization he founded owns 36 houses on the city's East Side and is providing monthly checks to the occupants. The non-profit corporation plans to buy 44 more senior citizens' houses with federal block grant money.

Mr. Bakos came here with other officers of Home Equity Living Plan Inc. this week to tell housing and geriatrics experts at a conference sponsored by the Department of Health and Human Services how he did it.

The conference was on home equity conversion, the technique of helping senior citizens who are "house-rich, but cash-poor."

THE WAY the plan deals with the plight is to buy the home of an



Norman M. Bakos founded Home Equity Living Plan.

elderly couple or person and pay for it by either a lump sum or monthly check. The title remains technically in the hands of the senior citizen, with Home Equity Living Plan Inc. paying all property taxes, insurance and maintenance costs. Title passes to HELP when the owner dies.

The median age of the plan's clients is 70, and the median value of its properties is \$30,000. This is just about the way a University of

Pennsylvania economist figured it would work out four years ago.

Professor Jack Guttentag of the university's Wharton School, who has been a consultant to Mr. Bakos, said the Reagan administration is interested in how the Buffalo organization functions, but it is more likely to embrace an adaptation of it than back it the way it is.

"It is too heavy on requirements of up-front (government) capital to please the Reagan administration," said Professor Guttentag.

Councilman Bakos accumulated \$1.2 million in community development block grant funds as the equity base that he has used to acquire the properties and pay the senior citizens' annuities.

Mr. Bakos said these funds were needed because banks can't lend funds on home equity unless the borrower has another major income source. This is rarely the case with retirees.

THE ADMINISTRATION is reportedly studying how the Buffalo plan and other government-funded organizations deal with home equity conversion, but it is considering changing bank and tax regulations so that the private sector can become more active in the field.

The private sector approached



# Common Council

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## Bakos Now Knows His Place; Colleagues Reject Leadership Bid

An attempt by Lovejoy Council Member Norman M. Bakos to get himself appointed the Common Council minority leader was firmly slapped down by his Council colleagues Tuesday.

"If Norm Bakos wasn't in a minority position before today, he sure is now," commented South Council Member James P. Keane, as Bakos suffered a legislative put-down that isolates him from his colleagues.

Bakos sought to be elected minority leader on the grounds that there needs to be an organized wing of the Council to present "the other side" of issues. Duesant on the Council, he maintained, is "sporadic, reluctantly presented, disorganized and, sometimes, because of lack of resources, not adequately researched."

His view rained no enthusiasm among other Council members, who maintained dissent is always welcome. His resolution to name "Stormin' Norman" the minority leader was beaten, 7-4, but the other three opposing immediate defeat expressed a willingness to talk about it only in a committee setting.

The Council position of minority leader always has been held by a member from the major political party with the fewer Council members. But the present Council is all-Democratic, so the post is vacant. Minority leader carries an extra

\$2,500 in salary and an added staff position.

There were racial overtones Tuesday. Bakos, in a prepared speech, said some unidentified "outsiders" had accused him of "trying to split the Council into black and white" by his move. And Majority Leader James W. Pitts asserted the Bakos speech represented a subtle way of saying there are "too many blacks on the Council."

Blacks hold six of the 13 Council seats, including the presidency and the majority leadership position.

Pitts accused Bakos of a publicity stunt and then said he would get some publicity for himself. He tore up Bakos' text and scattered the pieces on the floor.

Delaware Council Member Alfred T. Coppola blasted Bakos for poor attendance at Council caucuses and committee sessions. "If he'd show up at meetings, he'd be doing the people of his district more justice," Coppola said. "Now, all of a sudden, he's a minority because he's been shut out."

To Bakos, Coppola said: "I'm under the impression you don't care about the Council. You want to make fools out of us. If you'd put more time and effort in, you'd be more successful."

Council Member at Large Vincent J. LeVallo, who made the motion to defeat the Bakos resolution, said the Council has "has more im-



Norman M. Bakos: loses bid for leadership post

portant things to do than this Hollywood production by Mr. Bakos."

He called it divisive and dangerous.

Bakos maintained in his speech that he would affiliate with another political party and go to court to make his point, but afterward he said he would consult his lawyer before taking the next step.

"We're not giving up," he vowed.

Fillmore Council Member David Franczyk, North Council Member David P. Rutecki and Keane were the Council members voting with Bakos, but only on the grounds his resolution should not be summarily killed.

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